

# CARI CAPTURES

MALAYSIA TO CALL HIGH-SPEED RAIL TENDER WITHIN A YEAR

PM LEE HSIEN LOONG: EU-ASEAN TRADE PACT WOULD DEEPEN TIES

THAILAND FUTURE FUND GETS US\$28.5 MILLION START

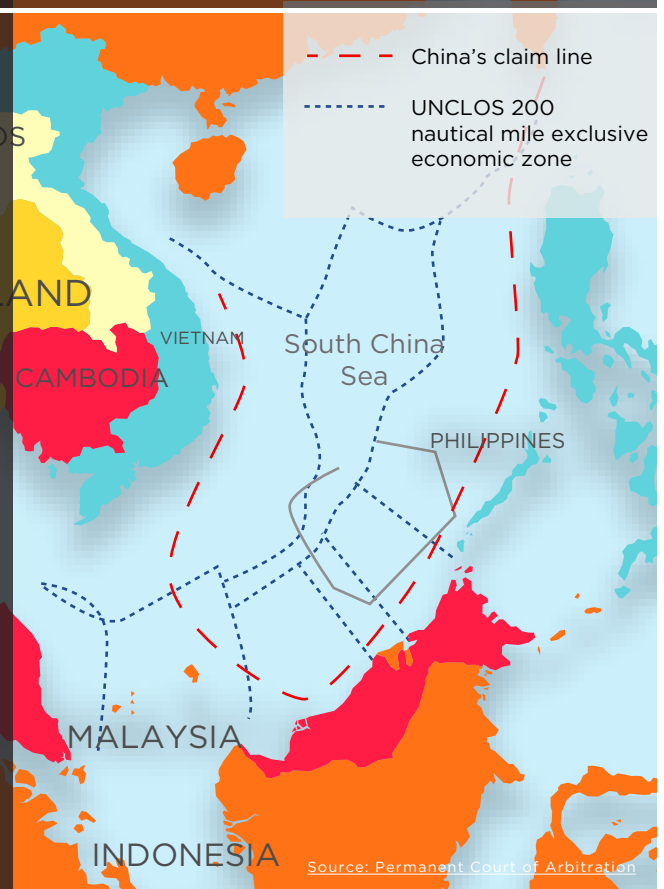
01 ASEAN

## UN TRIBUNAL SOUTH CHINA SEA RULING

### PERMANENT COURT OF ARBITRATION FINDINGS

#### INDIA

- There is no legal basis for China's claim of resources and territories marked by the "nine-dash line"
- The Spratly Islands are not capable of generating extended maritime zones, either individually or collectively
- Certain sea areas within the exclusive economic zone of the Philippines were violated by China
  - China violated the Philippines' sovereign rights by interfering with fishing and oil exploration
  - Chinese law enforcement vessels have "unlawfully created a serious risk of collision when they physically obstructed Philippine vessels"
  - China has caused severe harm to coral reefs



**The Permanent Court of Arbitration in The Hague has released its findings on 12 July 2016, which affirmed the neutrality of the Spratly islands, the illegality of Chinese claims and operations, and the infringement of Filipino sovereignty.**

▶ The tribunal, which was set up to consider the rights and maritime entitlements in the South China Sea was initiated unilaterally by the Philippines; whilst the Chinese foreign ministry has called the ruling "ill-founded" and denying the findings were in any way factual or binding, the Philippines' foreign ministry has held back from commenting on the positive outcome of the tribunal's findings

- ▶ ASEAN, whose unity has been increasingly strained in the face of increasing foreign policy pressures, prepared a draft text for the tribunal's ruling, but failed to release it due to a lack of agreement; Philippine UN representative Lauro Baja stated that "We should no longer expect in the future that there will be an ASEAN statement on China,"
- ▶ Following a special meeting of foreign ministers at the Kunming conference, ASEAN had released a statement on the South China Sea, only to retract it due to a lack of unity; the lack of a statement on a clear cut tribunal ruling such as this underscores the disunity of the nation bloc in foreign policy agendas

Channel News Asia (14 July 2016)

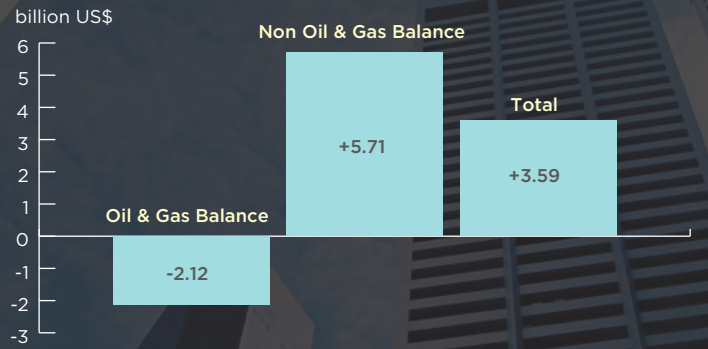
## INDONESIA'S TRADE BALANCE BEATS FORECASTS

According to Statistics Indonesia (BPS), Indonesia's trade balance recorded a monthly surplus of US\$900 million in June 2016, beating median forecasts, which projected US\$300 million in surpluses for the period.

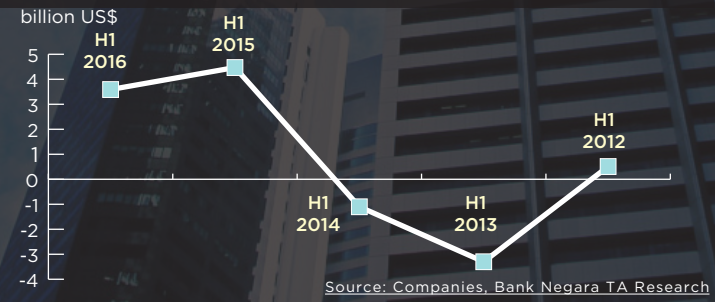
- ▶ The nation's trade surplus more than doubled in June from the monthly surplus in the preceding month, supported by strong exports of electronics, auto parts, finished garments, and rubber products; despite this positive result, there remain some concerns surrounding shrinking gross exports and imports
- ▶ Exports have been declining due to weak global demand and low commodity prices, while imports have been on the decline due to slowing economic growth in Indonesia; however, as imports have been dropping more severely than exports, Indonesia has seen a trade surplus since 2015
- ▶ Suryamin, Head of BPS, said the export and import figures of Indonesia in June 2016 are the highest figures so far this year; this signals that both foreign demand for Indonesian products and domestic demand for foreign products has grown

[Indonesia Investment \(15 July 2016\)](#)

### TRADE BALANCE INDONESIA JANUARY - JUNE 2016



### TRADE BALANCE OF INDONESIA IN THE FIRST HALF OF THE YEAR 2012 - 2016



## MALAYSIA TO CALL HIGH-SPEED RAIL TENDER WITHIN A YEAR

Malaysia's Transport Minister Liow Tiong Lai said the tender for the High-Speed Rail (HSR) project which will link Kuala Lumpur and Singapore will be called within a year from 16 July.

- ▶ The two nations are slated to sign a Memorandum of Understanding on the High-Speed Rail (HSR) project linking Kuala Lumpur with Singapore on 19 July; the ceremony will be witnessed by Singapore Prime Minister Lee Hsien Loong and his Malaysian counterpart Najib Razak, who is set to host the event at his Seri Perdana residence in Kuala Lumpur

- ▶ According to the Transport Minister, "Once the signing is done, the authorities will prepare the tender documents. The tender will be called within a year's time. Many international companies have shown interest in the project and we welcome that. This is a very important and prestigious project because it is the first in Asean,"
- ▶ Plans for the HSR were first announced in 2013 by Prime Ministers from both countries at a leaders' retreat, with the Singapore terminus located at Jurong East and the Kuala Lumpur one at the upcoming Bandar Malaysia project; the proposed 350km-long line will take 90 minutes to traverse

[Channel News Asia \(17 July 2016\)](#)

## SINGAPORE RAIL OPERATOR TO TRANSFER US\$737 MILLION ASSETS

Singapore's biggest train operator will transfer US\$737 million of rail, signal and related assets to the national transport regulator in an overhaul of the transit system after service disruptions in the past four years dented the company's reputation.

- ▶ SMRT Corp. will move some 60,000 operating assets to the Land Transport Authority, pending shareholder approval, by September, the LTA said in an e-mailed statement; this will leave the train operator light on assets, recruit some 700 more people to improve maintenance and offer better services
- ▶ Shares of rival operator SBS Transit Ltd. rose to the

highest level in more than eight years in Singapore trading after the government said it's negotiating a similar deal with the company as well; five years of talks with SMRT led to Friday's deal amid public criticism of service disruptions in a country famous for its clean trains and buses and a high-quality public infrastructure

- ▶ The train disruptions led to the government tightening rules on maintenance and supervision; Singapore Transport Minister Khaw Boon Wan appointed an engineering specialist in October last year to advise on rail transformation and said the government was discussing changes in the industry structure to bring about "better alignment of incentives."

[Bloomberg \(15 July 2016\)](#)

## PM LEE HSIEN LOONG: EU-ASEAN TRADE PACT WOULD DEEPEN TIES

**Despite Britain's intended departure from the EU, the Singaporean leader stated that Singapore's recent conclusion of a Free Trade Agreement (FTA) with the European Union (EU) would help to push ASEAN towards finalising an ASEAN-EU FTA.**

- ▶ The EU-Singapore FTA will see the elimination of tariffs on imports from Singapore over five years, and was to have come into force last year; however, its ratification was delayed after the European Commission sought a European Court of Justice opinion on its competence to sign off on trade pacts

- ▶ Asked how Britain's recent vote to leave the EU could affect any potential future talks, Mr Lee said: "Brexit or no Brexit, Europe and Asia ought to deepen their ties. When you talk about connectivity, it's not just aeroplane flights or fibre optic cables; you must have the trade and the people connections."
- ▶ ASEAN and the EU began talks regarding free trade in 2007, but this was suspended in 2009; the EU's agreement with Singapore that an FTA would help strengthen ties between blocs continues to affirm that an FTA could be achieved in the future

[The Straits Times \(15 July 2016\)](#)

## THAILAND FUTURE FUND GETS US\$28.5 MILLION START

**On 12 July, Thailand's government approved the earmarking of US\$28.5 million as seed money for the US\$285 million Thailand Future Fund (TFF), which will invest in three road projects in the first stage.**

- ▶ Of the US\$28.5 million, US\$2.85 million derived from Vayupak Fund 1's dividends will be used to set up a revolving fund to guarantee a minimum return to TFF unit holders, while the remaining funds will be raised from swapping shares held by the Vayupak Fund according to Ekniti Nitithanprapas, director-general of the State Enterprise Policy Office (Sepo)
- ▶ The Vayupak Fund was set up by the Thaksin government to raise funds from the public by investing in 11 stocks; its funds will be used by the TFF, an infrastructure fund which will raise cash from the public for the construction of state projects
- ▶ Mr Ekniti said proceeds from TFF's initial public offering will be used to invest in three projects, the Bangkok-Rayong motorway, the outer ring road linking Ayutthaya and Pattaya, and an expressway linking Rama III Road-Dao Kanong-Kanchanaphisek Road (the western outer ring road)

[Bangkok Post \(13 July 2016\)](#)

### THE THAILAND FUTURE FUND

- A government approved US\$285 million infrastructure fund which will raise cash from the public for the construction of state projects
- First Stage Projects:
  - Bangkok-Rayong motorway,
  - Outer ring road linking Ayutthaya and Pattaya,
  - Expressway linking Rama III Road-Dao Kanong-Kanchanaphisek Road
- The infrastructure fund can either be used to fund "green" (government projects that are new) or "brown" (existing government projects that are generating money) fields government projects while the minimum return could be equal to Vayupak's 3%

Source: The Nation

## PHILIPPINES' PRESIDENT RODRIGO DUTERTE MEETS WITH ALLEGED DRUG LORD PETER LIM

**President Rodrigo Duterte has met with a businessman he accuses of being one of the Philippines' top drug lords and threatened to kill him to his face.**

- ▶ During his meeting with Mr Duterte, Mr Lim denied any involvement in illegal drugs, but admitted he was investigated in 1997 for alleged links to narcotics; He then pledged cooperation in Mr Duterte's anti-crime campaign
- ▶ The President warned Peter Lim to steer clear of narcotics, threatening to execute the alleged drug lord; a video of the sit-down was posted on a government YouTube channel with a caption

identifying Mr Lim as "one of the top drug lords in the triad involved in illegal drug operations in the country".

- ▶ Human rights groups and opposition politicians have raised an outcry over the deadly anti-drugs campaign, but the Government has insisted all the dead suspects had fought police and that the vigilante killings were being investigated

[ABC \(16 July 2016\)](#)

## POLITICS

▶ In a rare admission, Myanmar's military said on 20 July that soldiers had killed five villagers during an interrogation last month in northern Shan State, and promised to prosecute the perpetrators. The military also pledged help for the victims' families and that the verdict would be made public.

[Reuters \(20 July 2016\)](#)

▶ Aung San Suu Kyi paid tribute to her father, independence hero General Aung San, on 19 July at a memorial attended for the first time by the army chief, a rare show of unity in the former military-run country. Suu Kyi laid a wreath at the mausoleum dedicated to her father and eight others assassinated in 1947 during their struggle to win independence from Britain.

[Channel NewsAsia \(20 July 2016\)](#)

▶ The Myanmar government is cracking down on a hard-line Buddhist nationalist group Ma Ba Tha, after two mosques were destroyed and scores of Muslim residents fled their villages in recent weeks. The government has threatened legal action against the group if it spreads hate speech and incites violence, a move that came as an apparent response to international criticism from human rights activists and lawyers for the government's lack of action.

[Aljazeera \(15 July 2016\)](#)

▶ Amnesty International has called on the Myanmar government to immediately relocate a sulfuric acid factory situated close to a village in Monywa Township of Sagaing Division. The factory continues to operate despite adverse impacts reported on public health and the environment. Village residents have said the air had become so toxic that youth had stopped attending the local school, located only 50 meters from the factory.

[The Irrawaddy \(20 July 2016\)](#)

## ECONOMY

▶ Myanmar has expanded its fibre optic cable to 31,000 kilometres this year, according to the Ministry of Transport and Communication. Myanmar was home to 5.3 million SIM cards before foreign telecom operators had been granted operating licences, bringing mobile penetration up to 43.72 million people in 2016. International bandwidth has reached to over 200 Gbps in 2016, which is nearly seven times the country's capacity in 2013.

[Eleven Myanmar \(20 July 2016\)](#)

## FOREIGN AFFAIRS

▶ Beijing has invited more than 100 journalists, government officials and members of parliament to visit the country, as well as 100 students to study in China, to "improve understanding" on their part of China's intentions. "China wants Myanmar to understand that we can make money together," said Wang Xiaofeng, director of the foreign ministry's Public Diplomacy Office, stressing his government's policy of non-intervention in internal affairs.

[Myanmar Times \(19 July 2016\)](#)

## ASEAN OFFICIALS POINT OUT INVESTMENT CHALLENGES

**At the "Taiwan-ASEAN Strategic Investment Partnership Forum" , six representatives from Southeast Asian countries pointed out the challenges that Taiwanese businessmen may confront when investing in the region.**

- ▶ Representatives emphasized that investors and businessmen developing careers in these countries should not only abide by local laws, but should also understand the differences between each country
- ▶ Delegates from Indonesia, the Philippines, Malaysia and Thailand all indicated that their countries lack public infrastructure, and that local governments are attempting to expand on existing infrastructure, a process that foreign investors can contribute to
- ▶ In addition, according to panelists, laws in Indonesia and the Philippines are not complete; "We are short of laws, and some local laws even contradict the central government's laws. We are working on this issue." Indonesia's Investment Coordinating Board (BKPM) deputy chairman Himawan Hariyoga said

[China Post \(16 June 2016\)](#)

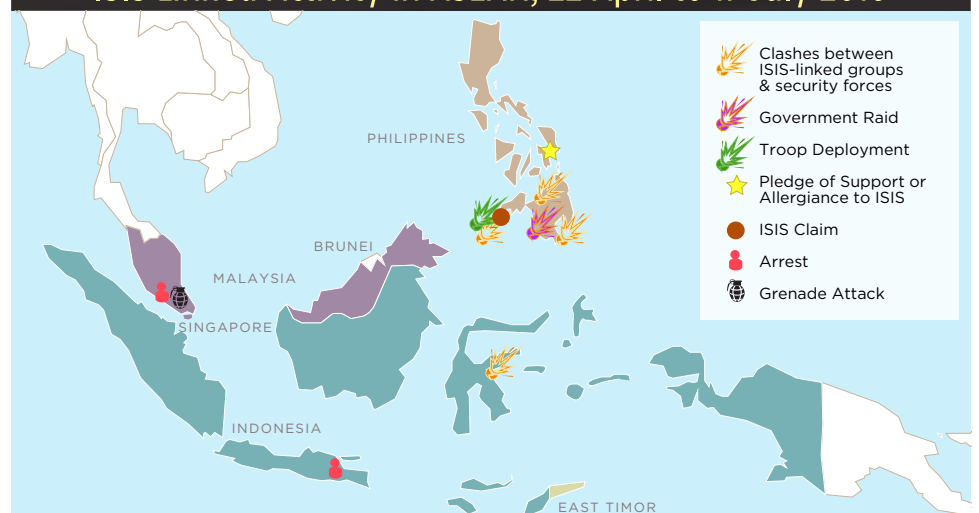
## ISIS LINKED ACTIVITY ACROSS ASEAN

**The region has seen an increase in ISIS related incidents, with the most recent being a grenade attack in Puchong on 28 June, which has since been linked to Islamic State militants, has changed the security landscape in Malaysia.**

- ▶ Though the influence of ISIS may be new in the region, since 9/11, Southeast Asia has witnessed several terrorist incidents perpetrated mostly by the Al-Qaeda linked Jemaah Islamiyah terrorist organization and its splinter groups
- ▶ These incidents include the October 2002 Bali bombings, the August 2003 J.W. Marriott Hotel bombing in Jakarta, the bombing of Super Ferry 14 in the southern Philippines in February 2004, the September 2004 Australian Embassy bombing in Jakarta, further bombings in Bali in October 2005, and further bombings at the J. W. Marriott (again) and the Ritz-Carlton Hotel in Jakarta in 2009
- ▶ According to Joseph Chinyong, Chair in Southeast Asian Studies at the Brookings Institution, most reasonable estimates of ASEAN individuals in Iraq and Syria involved in ISIS operations number between 700 and 800 individuals; the majority are Indonesians, with an estimated 100 Malaysians as well, and a few from Singapore and possibly, the Philippines

[The Nation \(17 July 2016\)](#)

## ISIS LINKED ACTIVITY IN SOUTHEAST ASIA: ISIS Linked Activity in ASEAN, 22 April to 17 July 2016



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